



# NCHILB Newsletter - Spring 2012

## North Carolina Home Inspector Licensure Board

322 Chapanoke Rd, Suite 115, Raleigh, NC 27603  
(Tel) 919-662-4480 (Fax) 919 662 4459 Website: <http://www.nchilb.com/>

### **Mission Statement**

The mission of the N.C. Home Inspector Licensure Board is to safeguard the public health, safety, and welfare, and to protect the public from being harmed by unqualified persons by regulating the use of the title "Licensed Home Inspector," and by providing for the licensure and regulation of those who perform home inspections for compensation.

### **Director's Message - Mike Hejduk**

Since the last issue of the newsletter, the Board met on May 13, July 8, Oct. 14, Nov. 4 and Jan. 13. The September regular meeting was rescheduled as a result of Hurricane Irene. The October meeting recognized the departures of Board members David Jones [Home Inspector] and Ted Triebel [Public] and the swearing in of new appointees Fred Herndon [Home Inspector] and Joseph Ramsey [Public].



*NCHILB Chairman "TJ" Jones congratulates and welcomes new Board member Fred Herndon (Home Inspector) upon taking his oath of office.*



*NCHILB Chairman "TJ" Jones presents departing member David Jones with a plaque recognizing his many years of dedicated service to the Board including his work on numerous committees.*



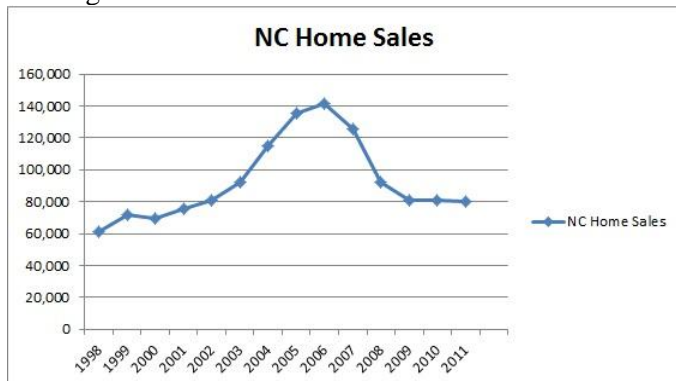
*NCHILB Chairman "TJ" Jones congratulates and welcomes new Board member Joseph Ramsey (Public) upon taking his oath of office.*

The current annual license period began on Oct. 1, 2011, with 894 active licenses – a substantial drop from a high a year ago of 1,419. Weak housing sales and the new mandatory General Liability insurance requirement appear to have contributed to the decline in the number of licensees. There were 27 active and 73 inactive associate home inspectors that must transition to full home inspectors before Oct. 1, 2013.

Staff has received many inquiries regarding the availability of pre-licensing programs approved by the Board that meet the equivalent experience requirements needed to sit for the state exam. A list of Board approved classroom and field training sponsors is listed on the Board's web page at the following link: [http://www.ncdoi.com/OSFM/Engineering/hilb/engineering\\_hilb\\_prelicensing.asp](http://www.ncdoi.com/OSFM/Engineering/hilb/engineering_hilb_prelicensing.asp).

#### *The impact of slow housing sales...*

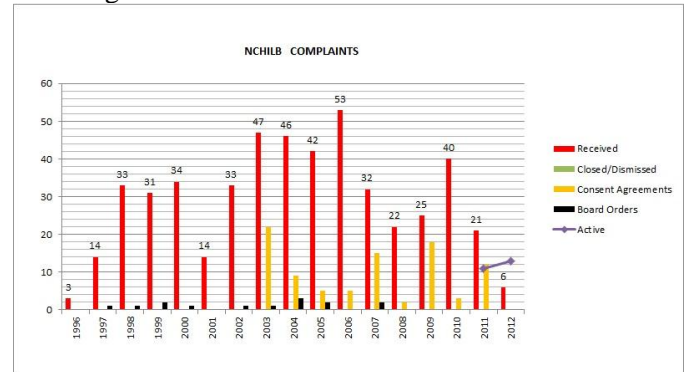
Data from the N.C. Association of REALTORS® suggests what many licensees already know about the impact the economy has had on their volume of work. The graph below shows the precipitous decline in existing home sales since 2006.



A review of the number of complaints received against licensees suggests a rough correlation of 10 complaints submitted for every 50,000 existing homes sold. It also appears there is a corresponding decline in the number of newly licensed home inspectors when home sales are low.



The chart below shows complaint and disciplinary trends since the establishment of the Board and licensing in 1996.



It is hoped that recent Board and staff emphasis on review and audit of new licensee reports may have an impact on reducing future complaints.

#### *Learning from mistakes...*

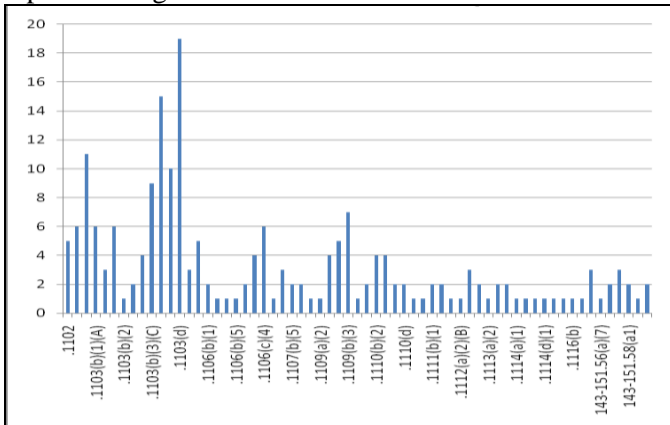
Most complaint letters begin with or contain a statement similar to “*The home inspector was recommended by the real estate broker...*” Complaint letters from clients who were buyers commonly show a perception that the home inspector intentionally overlooked or minimized the importance of certain defects to facilitate the sale of the home. Sellers typically complain the home inspector unfairly included items that contributed to the deal falling through.

Part of the Board's responsibility to the public is to discipline licensees where investigations conclude there is sufficient evidence to support allegations of violations of the Home Inspector Licensure Act laws or Board rules. This process sometimes results in punitive consequences for the licensee, such as suspension and additional educational courses. Disciplinary action by the Board sometimes provides a measure of closure for the complainant. There is added value when lessons learned can be adopted by other licensees and behaviors can be modified to better serve the public.

Some of the most common violations by licensees that are substantiated during investigations are that no contract was signed by the client prior to the home inspection and/or the summary section did not include the wording quoted and required by N.C. General Statute § 143-151.58 reproduced below:

“This summary page is not the entire report. The complete report may include additional information of interest or concern to you. It is strongly recommended that you promptly read the complete report. For information regarding the negotiability of any item in this report under the real estate purchase contract, contact your North Carolina real estate agent or an attorney.”

The chart below shows the relative number of violations of various requirements of the N.C. General Statutes and Board rules from a recent sampling of investigation report findings of sufficient evidence.



Occasionally staff receives calls from people who are searching for the services of home inspectors. While the HILB website includes a directory of names by county, additional information can be found through the various trade associations as well. Links to home inspector associations may be found on the [CONSUMERS](#) menu item tab on the Board's website.

### **Priorities for 2011/2012**

The Board's stated priorities for the upcoming year are to:

- Facilitate a pre-licensing education program of instruction.
- Process complaints for Board action within six (6) months.
- Conduct new licensee report audits.
- Take appropriate action against unlicensed activity as authorized by the law.

### **Board Meetings 2012**

Regular Board meetings for 2012 are held quarterly in the Board's offices in Raleigh. Remaining meetings are scheduled for the second Friday of the month on April 13, July 13 and Oct. 12.

### **Committees**

- **Application Evaluation – W. Sawyer**  
Equivalent Experience Review
- **Exam – C. Noles**  
Develop additional exam bank questions
- **Finance – G. Canipe**  
Develop and monitor Budget
- **Legislative – T. Jarrett**  
Monitor Laws & Rule Changes
- **Education – M. Peebles**  
Board Developed Update Course  
48 hour Continuing Education program

- Pre-Licensing program
- **Standards of Practice – M. Peebles**  
Rule Changes  
Interpretations & FAQs  
Recommended Language
- **Investigation Review – G. Canipe**  
Complaints – Licensed/Unlicensed  
Investigations & Contract Assistance  
Disciplinary Actions/Consent Agreements
- **Personnel – W. Jones**
- **Advisory Committee – F. Herndon**  
New Licensee Report Audits

### **Spotlight on Standards**

Licensees are responsible for staying up-to-date with the laws and rules affecting their practice and are strongly encouraged to regularly read and review the Standards of Practice and Code of Ethics. Licensees using commercially available report software packages should ensure automated report default settings, if used, provide an accurate report for the property inspected. Please note that an updated edition of the rules with all amendments effective through [Oct. 1, 2011](#), is now available through the website and is being emailed as an attachment to this newsletter.

Recent changes to 11 N.C.A.C. 08.1300 Continuing Education (CE) that became effective Oct. 1, 2011:

- .1318 Elective Course Component increases required elective CE from 8 to 12 hours. Please note the total CE (update + elective) required to renew a license on ACTIVE status has increased from 12 to 16 hours.
- .1302(b) Renewal of Active License – Inspectors who are newly licensed on or after Oct. 1, 2011, who have not completed a pre-licensing education must complete 20 hours of CE per year for the first three years of licensure that includes
  - 4 hrs Board approved mandatory course
  - 4 hrs Board developed update course
  - 12 hrs Board approved elective courses

### **Proposed Rule Changes in Process**

None at this time.

### **License Administration - Terri Tart**

- **Late Renewals.** Licenses renewed on or after Oct. 1 are considered late renewals. A licensee seeking to renew late must pay late fees in addition to the annual renewal fees.

Fees	Home Insp.	Assoc. Insp.
Oct.1, 2011	\$160+\$30=\$190	\$110+\$20=\$130



- **Statistics (as of Feb. 29, 2012).**

Home Inspectors – active	1,026
<u>Associate Home Inspectors – active</u>	<u>35</u>
<b>Total Inspectors – active</b>	<b>1,061</b>
Home Inspectors – inactive	678
<u>Associate Inspectors – inactive</u>	<u>73</u>
<b>Total Inspectors – inactive</b>	<b>751</b>
<b>Total # N.C. Licensees</b>	<b>1,812</b>

- **Applications.** Persons interested in becoming licensed in North Carolina must submit a completed application form including a passport quality 2” x 2” photo. [Application forms](#) are available through the Board website, or they may be mailed by staff upon request for a fee of \$5.00. The application must be accompanied by the \$35.00 application fee. Applicants determined by Staff to meet requirements are mailed notices and thereafter may register to take the mandatory state exam. Staff may refer certain applications to the Application Evaluation Review Committee for approval.
- **Exams.** Advance registration and payment of the \$80.00 exam fee is necessary to sit for the state licensure exam. All examinations are held at the Board's testing room in Raleigh. If necessary, an additional day of exams may be added. A score of 70% is required to pass the exam. Examination reviews are available only to applicants who fail the exam. Applicants who do not score a passing grade must wait 6 months to take the exam again.
- **License Issuance.** Upon an applicant's successful completion of the exam and payment of the initial license issuance fee, the newly licensed home inspector will be assigned a license number and mailed a license certificate and a pocket identification card. The annual license period runs from Oct. 1 to Sept. 30. *NOTE: New licensees are required to submit one (1) inspection report and contract signed by the client to Staff for review for compliance with the Standards of Practice.*
- **Change of Address.** Licensees must provide change of address information to the Board per General Statute § 143-151.54(a). Please note that annual license renewal notices are mailed each year to licensees at the last mailing address provided. The introduction of online renewals will also allow licensees to change their mailing and e-mail address information.
- **Associate Home Inspector.** Session Law 2009-509 prohibited the Board from accepting applications for licensure as an associate home inspector after April 1, 2011. The Board stopped issuing licenses for associate home inspectors

effective Oct. 1, 2011. The Board may not renew an associate home inspector license on or after Oct. 1, 2013. Staff has received several calls concerning whether recent statute changes will permit associate licensees to take the home inspector exam. Associate home inspectors who hold a license as of Oct. 1, 2011, may qualify for the home inspector exam registration under the equivalent experience provisions of the Board rules. In other words, even though N.C.G.S. 143-151.51(a)(5)(a), effective Oct. 1, 2011, only refers to satisfactory completion of an education program, associate program participants may be “grandfathered in” if approved by the Application Evaluation Committee.

### **Education Coordinator - Jennifer Hollyfield:**



*NCHILB Executive Director Mike Hejduk recognizes Jennifer Hollyfield for her 15 years of service as Education Coordinator for the Board at the January 13, 2012, meeting.*

- **Update Course.** The Board-developed update course for 2011-2012 addresses practical application of and compliance with the Home Inspector Licensure Act and Board Rules (Standards of Practice and Code of Ethics).
- **Elective Courses.** Sponsors are responsible for updating and developing new elective courses for approval annually. Sponsors and instructors must also reapply each year for approval. Please check the Board's website for a complete listing of course offerings for the current license renewal period. Licensed inspectors must now earn 16 hours of continuing education (CE) credits every license period (Oct. 1 to Sept. 30), including the 4 hour Board-developed update course and 12 hours of

sponsor-developed elective courses. Information on Board-approved courses, locations and instructors is available through the website menu item [CONTINUING EDUCATION, INFORMATION.](#)

- **48 Hour CE Program.** Session Law 2009-509 instructed the Board to require all licensees licensed on or before Sept. 30, 2011, to complete a continuing education program focused on inspection techniques and reporting requirements. The program consists of a total of 48 hours of instruction over 3 years, with 16 hours taken in each year. The Board has approved a 3 year schedule and core curriculum each year to facilitate preparation by Elective Course Sponsors. A matrix showing the scheduled as approved is included as the last page of this newsletter.
- **Pre-licensing Education Program.** Session Law 2009-509 amended NCGS 143-151.49(b) to provide a path to licensure as a home inspector through attendance and graduation from a pre-licensing education program. The Rules Review Commission approved several rules (.1020 to .1028) that appear in the Oct. 1, 2011, edition applicable to sponsors interested in offering home inspection pre-licensing courses in North Carolina.

### **Investigations - Phil Joyner:**



*NCHILB Executive Director Mike Hejduk recognizes Phil Joyner for his 5 years of service as Investigator for the Board at the July 8, 2011, meeting.*

**Investigation Review Committee.** The Board's bylaws establish this as a standing committee charged with reviewing all investigation reports that have basis in fact to a complaint and determining if a disciplinary hearing will be held. The committee reviews all staff proposed consent agreements and makes recommendations to the Board. Normally, these committee meetings go into closed session, citing one or more permissible purposes under N.C. Gen. Stat. § 143-

318.11, such as to hear reports concerning investigations of alleged criminal misconduct, since all alleged violations of the Home Inspector Licensure Act are potential Class 2 misdemeanors under N.C. Gen. Stat. § 143-151.49. Three members of the Board currently serve on this committee, two of whom are home inspectors. The Board's legal counsel assigned by the N.C. Department of Justice also attends these committee meetings. These Board members are not allowed to vote in any cases that are referred to the Board for a disciplinary hearing because they have access to information that may or may not be admitted as evidence in a hearing. They may participate to meet quorum requirements.

### **Board Disciplinary Action**

Disciplinary action by the Board occurs as a result of a hearing or approval of a consent agreement negotiated by staff and upon the recommendation of the Investigation Review Committee. Expired licenses are not subject to disciplinary action by the Board except where the licensee has signed a consent agreement to resolve a controversy regarding the license. Generally, such agreements allow for future reinstatement of a license provided certain terms and conditions are fulfilled upon activation of the license. In some cases, licensees decide to allow their licenses to expire effective Sep. 30 in the face of a complaint and do not agree to sign a consent agreement. Should these individuals apply for licensure in the future, the Application Evaluation Committee would decide whether or not to approve the application. Appeals of this committee's decisions are heard by the Board. A list of licensees disciplined by the Board is available through the website menu item [DISCIPLINARY ACTIONS.](#)

**Consent Agreements.** Since the last issue of the newsletter, the Board has resolved complaints concerning licensees as listed below:

- May 13, 2011, Johnson, David A. (#2565): Letter of Caution for the improper advertisement of "Free Home Inspections" and "Guarantee Program" and to Cease and Desist offering free home inspections as an inducement for referrals of future business or home inspections where the fee, or payment of the fee, under contingent arrangements whereby any compensation of future referrals are dependent on reported findings or on the sale of the property.
- May 13, 2011, Arn, Timothy R. (#428): Sufficient evidence to support the allegation that Arn failed to include a structural system or component that warrants further investigation by a specialist, in a

separate section labeled “Summary.” 6 months probation ending Nov. 13, 2011; 8 additional hours of education, 4 hours related to report writing and 4 hours related to structural inspections, and; submission of 1 written report.

- July 8, 2011, Hickinbotham, Scott R. (#1869): Letter of Reprimand for the improper contract and deficiencies in the inspection report. 10 days suspension, stayed, pending compliance with provisions of this Consent Agreement and the existing Consent Agreement dated July 16, 2010. Probation period concurrent with terms of the existing Consent Agreement. Submit 3 reports for review, waived, if the 3 reports submitted for the existing Consent Agreement are determined to comply with the Standards of Practice.
- July 8, 2011, Sims, Daryl Ray (#1882): Letter of Reprimand for performing a home inspection without a contract signed by the client. 30 days suspension, stayed, pending compliance with all provisions of the Consent Agreement; Submit a written contract; 12 months probation ending Jul. 8, 2012; 8 additional hours of education, 4 hours report writing and 4 hours in structural, and; submit 1 report for review.
- Oct. 14, 2011, Cole, Michael W. (#1599): Letter of Reprimand for not providing a written contract, signed by the client, prior to performing the home inspection and failure to include multiple systems and components, which did not function as intended or adversely affected the habitability of the dwelling or warranted further investigation by a specialist, in the separate “Summary” section of the report; 12 months probation ending Oct. 14, 2012; 4 hours additional education in report writing, and; submit 1 report for review.
- Oct. 14, 2011, Cole, Adam D. (#2169): Letter of Reprimand for not providing a written contract, signed by the client, prior to performing the home inspection and failure to include multiple systems and components, which did not function as intended or adversely affected the habitability of the dwelling or warranted further investigation by a specialist, in the separate “Summary” section of the report; 12 months probation ending Oct. 14, 2012; 4 hours additional education in report writing, and; submit 1 report for review.
- Oct. 14, 2011, Baun, Robert Russell (#A-754): Letter of Reprimand for failure to include multiple systems and components, which did not function as intended or adversely affected the habitability of the dwelling or warranted further investigation by a specialist, in the separate “Summary” section of the report; 12 months probation ending Oct. 14, 2012; 4 hours additional education in report writing, and; submit 1 report for review.
- Oct. 14, 2011 Burgess, Daryl Keith (#1730): Letter of Reprimand for the failure to clearly state and report systems and components that could not be inspected or operated without electrical power and those that affected habitability of the home; 12 months probation; 4 hours additional education related to report writing, and; submit 1 report for review.
- Oct. 14, 2011, Bartos, Robert Dale (#1190, Expired 9/30/2010): Letter of Reprimand for an improper contract and the deficiencies in the summary page and inspection report; upon reinstatement of license 20 days suspension; 12 months probation; 4 hours additional education in report writing and 4 hours structural inspection, and; submit 1 report for review.
- Jan. 13, 2012, Simpson, Jeffrey Myron (#1017 Inactive): Letter of Reprimand for providing a written evaluation of two or more systems constituting a home inspection for compensation without having a current (active) home inspection license and having an improper contract for a home inspection. Upon reinstatement of his license on active status 10 days suspension; 6 months probation; 4 additional hours of education related to report writing, and; submit 1 report and contract for review.
- Jan. 13, 2012, Guiffre, James Gordon (#2878): 6 months probation; 4 hours additional education related to mechanical or ventilation, and; submit 1 report for review.
- Jan. 13, 2012, McGinnis, John O. (#2737): Sufficient evidence to support allegations that a summary statement as quoted in the SOP was not included; plumbing drain, vent piping materials and water heater location were not included, and; did not describe the electrical service amperage and voltage or electrical service entry conductor materials in the written report. 12 months probation; 4 additional hours of education in report writing, and; submit 1 report for review.
- Jan. 13, 2012, Howard, Brandon Todd (#2915): Sufficient evidence to support the allegations of not



reporting the attic was not totally accessible, not stating the license number of the person conducting the inspection in the report, not stating the cost of the home inspection in the contract and not describing the water supply and distribution piping materials, plumbing drain, waste or vent piping materials and the water heating equipment location in the report. 12 months probation; 8 hours additional education (report writing and plumbing systems), and; submit 1 report for review.

**Disciplinary Hearings.** General Statute 143-151.56(b) states the Board may refuse to renew, suspend or revoke licenses or impose probationary conditions upon a licensee after holding a hearing. As with a driver's license, holding a home inspection license is a privilege, not a right. If the Board suspends or revokes a license, the individual to whom it was issued must turn over the license to the Board upon demand. Licensees on inactive status remain subject to disciplinary action by the Board.

### **Voluntary Surrender of License**

The Board accepted voluntary surrender of the following license:

- #2305 by Aaron Yates Ennis effective July 16, 2011.

### **Photographs**



*Terri Tart and Jennifer Hollyfield organize 15 years of Board meeting minute magnetic audio tapes for transfer to digital format as required by the N.C. Department of Cultural Resources for the state archives.*

### **Building Codes**

From time to time, home inspectors observe a defect or condition that affects the safety or habitability of a dwelling that they also think may be a code violation. While [N.C. General Statute § 143-151.58\(a2\)](#) does allow home inspectors to state a deficiency as a violation of code, there are some very specific requirements that must be met as summarized below. Licensees are urged

to read the law carefully before making such statements in reports because you will be held accountable.

- (1) Licensees must determine the date of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include this information in the home inspection report.
- (2) Licensees must determine the State Building Code (i.e. Residential, Electrical, Mechanical, Plumbing/Gas) in effect at the time of construction, renovation, and any subsequent installation or replacement of any system or component of the home and include photocopies of the applicable sections of the code in the home inspection report.
- (3) Licensees must use the code in effect at the time of construction, renovation, and any subsequent installation or replacement. In other words, just because a condition observed does not meet current code requirements, you cannot cite it as a code violation if it was not required by the code that was in effect when the house was built or renovated.

The N.C. Department of Insurance Office of State Fire Marshal, Engineering Division produces a free e-newsletter. Most of the articles are code-related, including interpretations, research on construction methods and materials, etc. To read previously posted newsletters, go to:

[http://www.ncdoi.com/OSFM/Engineering/engineering\\_newsletter.asp](http://www.ncdoi.com/OSFM/Engineering/engineering_newsletter.asp)

To subscribe, go to:

[http://www.ncdoi.com/OSFM/Engineering/engineering\\_home.asp](http://www.ncdoi.com/OSFM/Engineering/engineering_home.asp) and click on the box on the right that says "Sign up for Email Updates".

The 2012 NC Residential Code posted on the ICC website at the link below is the final free (view-only) document.

[http://www.ecodes.biz/ecodes\\_support/Free\\_Resources/2012NorthCarolina/12NorthCarolina\\_main.html](http://www.ecodes.biz/ecodes_support/Free_Resources/2012NorthCarolina/12NorthCarolina_main.html)

The soft cover books are expected to be available for shipment from ICC the week of the March 26. They should be available for sale in the OSFM office the week of April 9.

<http://www.iccsafe.org/Store/Pages/Product.aspx?category=15408&cat=ICCSafe&id=5711S12>

Once the book is available for sale, the PDF Download version will also be available for sale on the ICC website for both Windows and Mac environments and can be installed on one primary and one backup (laptop) computer.

## **N.C. Home Inspector Licensure Board**

### **Appointees**

Chairman..... William Talmadge 'TJ' Jones<sup>2A</sup>  
Vice Chairman .... Marion Peeples<sup>1A</sup>  
Secretary ..... Chris Noles<sup>4</sup>  
Treasurer..... Gerald Canipe<sup>3A</sup>  
Member ..... Fred Herndon<sup>2A</sup>  
Member ..... Tony Jarrett<sup>1C</sup>  
Member ..... Joseph Ramsey<sup>3B</sup>  
Member ..... Waverly Sawyer<sup>1D</sup>

Appointed by:

1. Governor
2. President Pro Tempore Senate
3. Speaker of the House of Representatives
4. Commissioner of Insurance

Representing:

- A. Home Inspectors
- B. Public Member
- C. N.C. Association of Realtors®
- D. N.C. Home Builders Association®

### **NCHILB/NCDOI Staff**

EXECUTIVE DIRECTOR:

Mike Hejduk, PE

[Mike.hejduk@ncdoi.gov](mailto:Mike.hejduk@ncdoi.gov)

(919) 662-4480 x272



LICENSE ADMINISTRATION:

Terri Tart

[Terri.tart@ncdoi.gov](mailto:Terri.tart@ncdoi.gov)

(919) 662-4480 x274



EDUCATION COORDINATOR:

Jennifer Hollyfield

[Jennifer.hollyfield@ncdoi.gov](mailto:Jennifer.hollyfield@ncdoi.gov)

(919) 662-4480 x273



INVESTIGATOR:

Phil Joyner

[Phil.joyner@ncdoi.gov](mailto:Phil.joyner@ncdoi.gov)

(919) 662-4480 x285





**(3) x 16 = 48 Hour Course Topics**

	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
<b>Board-Developed Update (4 hour)</b>	N.C. General Statutes N.C. Administrative Code Standards of Practice Inspection Requirements Report Writing Checklist Code of Ethics	<b>Personal safety</b>	<b>Code of Ethics</b>
<b>Elective Course 1 (4 hour)</b>	<b>Structural</b> Foundations Under floor spaces Basements Slabs (up to and including sill plates)	<b>Structural</b> Framing Under floor Attics, Walls	<b>Roofing Exteriors</b>
<b>Elective Course 2 (4 hour)</b>	<b>Electrical</b> Chronological History and progression <u>Focus on Exterior</u> Grounding and Bonding Main Distribution and sub panels	<b>Electrical</b> <u>Focus on Interior</u> GFCI, AFCI, Receptacles, Lights, Branch circuits 3 way circuits Smoke detectors, etc.	<b>Insulation, Ventilation, Interiors and Built-In appliances</b> Blown, Batt, and Foam spray insulations
<b>Elective Course 3 (4 hour)</b>	<b>HVAC</b> Refrigeration Cycle Heat Pumps, Air Conditioning, Thermostats, Multi zoning Emergency Heat (both electric resistance and gas piggy back hybrids)	<b>HVAC</b> Gas Heat (LP and Natural) Electric Furnaces, Hydronic Heat (Steam, Water, Apollo)	<b>Plumbing</b> Water Supplies, Piping Drain Waste Vents systems Piping and supports Water Heaters